

Carlton Film Distributors Limited

(Registered Number: 301188)

Directors' report and accounts for the year ended 31 December 2007



Carlton Film Distributors Limited
Directors' report and financial statements
Year ended 31 December 2007

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007. The comparatives are for the year ended 31 December 2006.

Principal activities and business review

The principal activity of Carlton Film Distributors Limited ("the Company") continues to be worldwide exploitation and distribution of film and television programming.

The results for the Company show a profit of £2,373,000 for the year and sales of £3,865,000 (2006: profit of £3,022,000 and sales of £3,692,000).

The Company has met the requirements in Companies Act 1985 to obtain the exemption provided from the presentation of an enhanced business review.

Principal transactions and post balance sheet events

During the year the ITV plc group continued the operational and legal restructuring programme, commenced in 2004, to simplify the corporate structure.

Dividends

On 27 September 2007 the Company paid an interim dividend of £3,000,000 (2006: £1,600,000) in cash. The Directors do not recommend the payment of a final dividend (2006: £nil).

Directors

The following were directors of the Company during the year ended 31 December 2007:

J. Cresswell	
W. J. Medlicott	(resigned 16 April 2007)
D. Johnson	(appointed 16 April 2007)

Donations

Grants and charitable donations made during the year amounted to £nil (year to 31 December 2006: £nil). There were £nil political contributions made during the year (year to 31 December 2006: £nil).

Directors' report (Continued)

Auditors and disclosure of information to auditors

The directors who held office at the date of approval of the Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

The Company has passed Elective Resolutions to dispense with the laying of the Annual Report and Financial Statements before the Company in General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to Sections 252, 386 and 366A respectively of the Companies Act 1985

By order of the Board


H Tantz
Company Secretary
200 Gray's Inn Road
London
WC1X 8HF

26th June 2008

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Carlton Film Distributors Limited

We have audited the financial statements of Carlton Film Distributors Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

Date: 16 July 2008

Carlton Film Distributors Limited
Directors' report and financial statements
Year ended 31 December 2007

Profit and loss account

		Year ended 31 December 2007	Year ended 31 December 2006
	Note	£'000	£'000
Turnover		3,865	3 692
Cost of sales		(1,499)	(1,255)
Gross profit		2,366	2,437
Administration expenses		(197)	41
Operating profit		2,169	2,478
Bank interest receivable		209	228
Bank interest payable		(4)	(2)
Profit on ordinary activities before taxation	2	2,374	2,704
Tax on profit on ordinary activities	4	(1)	318
Profit on ordinary activities after taxation		2,373	3,022

The results stated above are all derived from continuing activities

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents

There are no recognised gains or losses during the current and prior year other than those reflected in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 7 to 15 are an integral part of these financial statements

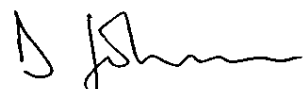
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Balance sheet

		31 December 2007	31 December 2006
	Note	£'000	£'000
Fixed assets			
Intangible assets	6	673	687
Tangible assets	7	398	340
Investments	8	-	-
		1,071	1,027
Current assets			
Debtors amounts falling due within one year	9	2,469	3,174
Cash at bank and in hand		3,723	3,219
		6,192	6,393
Creditors amounts falling due within one year	10	(4,814)	(4,344)
Net current assets		1,378	2,049
Net assets		2,449	3,076
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	2,449	3,076
Shareholders' funds		2,449	3,076

The notes on pages 7 to 15 are an integral part of these financial statements

Signed on behalf of the Board by



D Johnson
Director

26th June 2008

Notes to the financial statements

1 Accounting policies

A summary of the significant accounting policies of the Company, which have been applied consistently throughout the year and the preceding year, is set out below

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with applicable accounting standards

As the Company is a wholly owned subsidiary of ITV plc (see note 15), another body corporate registered in England and Wales, advantage has been taken of s228 of the Companies Act 1985 not to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Cash flow statement

The cash flows of this Company are included in the consolidated cash flow statement of ITV plc. Accordingly the Company has taken advantage of the exemption granted by FRS1 'Cash flow statements' whereby it is not required to publish its own Statement of Cash Flows.

Intangible fixed assets and amortisation

Intangible assets relate to the restoration of the film library material. Amortisation is calculated to write off these assets by 2017 (20 years from the acquisition of the Company by Carlton Communications Limited).

Tangible fixed assets and depreciation

Depreciation is calculated on cost or valuation on a straight line basis over 6 years for remastering costs so as to write down the value of the assets to nil over their expected useful lives.

Investments

Fixed asset investments are shown at cost less amounts written off in respect of permanent diminution in value.

Film and programme rights

Film and programme rights are stated at the lower of cost and net realisable value. Where necessary, provisions are made for permanent reductions in value. Amortisation is calculated on an individual programme basis as a percentage of gross revenue in the period.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Turnover

Revenue earned on the exploitation of film and programme rights is recognised as turnover at the point at which the right sold is available for exploitation by the licensee. All amounts recognised as turnover are stated net of VAT or equivalent sales taxes and net of rebates or refunds.

The right sold is considered to be available for exploitation by the licensee at the point when a binding commitment exists with a customer, the programme is available for exploitation and the physical material is available for delivery.

Royalties receivable in excess of minimum guarantees are recognised at the point at which such royalties become due and payable to the Company.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised and computed without discounting. Full provision is made in respect of all timing differences between the treatment of certain items in the financial statements and their treatment for taxation purposes at the balance sheet date. Deferred tax assets are recognised to the extent that it is more likely than not that the asset will be recovered.

Foreign currencies

Foreign currency transactions during the year are translated into sterling at the exchange rates ruling at the dates of the transactions. Foreign currency assets and liabilities at the year-end are translated at the rate ruling at the balance sheet date. Exchange gains and losses are dealt with in the profit and loss account.

Dividends

Dividends are recognised in the period in which they are declared.

Related party transactions

The Company is a wholly owned subsidiary of ITV plc. Therefore it has taken advantage of the exemption in FRS 8 'Related party transactions' not to disclose any transactions or balances with entities that are part of the group.

Notes to the financial statements (continued)

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting)

	Year ended 31 December 2007	Year ended 31 December 2006
	£'000	£'000
Amortisation of intangible assets	69	66
Depreciation	189	152
Foreign exchange gain	-	(8)

In the current and prior year the auditors' remuneration of £500 was borne by another group company. Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent ITV plc.

3 Directors' and employees' remuneration

No director received any emoluments for their services to this Company (2006: £nil). There were no employees and hence no staff costs during the year (2006: nil).

Notes to the financial statements (continued)

4 Tax on profit on ordinary activities

Analysis of credit/(charge) in year

	Year ended 31 December 2007	Year ended 31 December 2006
	£'000	£'000
<i>Current tax</i>		
UK corporation tax on profits for the year	-	-
Adjustment in respect of previous periods	-	276
Total current tax for the year (see below)	-	276
<i>Deferred tax</i>		
Charge for the year (see note 11)	(1)	(2)
Adjustment in respect of prior periods	-	44
Tax on profit on ordinary activities	(1)	318

The current tax charge for the year is lower (year ended 31 December 2006 lower) than the standard rate of corporation tax in the UK (year ended 31 December 2007 30%, year ended 31 December 2006 30%) The differences are explained below

	Year ended 31 December 2007	Year ended 31 December 2006
	£'000	£'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	2,374	2,704
Tax charge at 30% (2006 30%)	(712)	(811)
Effects of		
Permanent differences and group relief	711	809
Adjustments in respect of prior periods	-	276
Timing differences	1	2
Total current tax charge (see above)	-	276

Notes to the financial statements (continued)

5 Dividends

	Year ended 31 December 2007	Year ended 31 December 2006
	£'000	£'000
Dividends paid (16 67p per share)	3,000	1,600

6 Intangible fixed assets

	Restoration £'000
Cost	
At 1 January 2007	979
Additions	55
At 31 December 2007	1,034
Amortisation	
At 1 January 2007	292
Charge for the year	69
At 31 December 2007	361
Net book value	
At 31 December 2007	673
At 31 December 2006	687

Notes to the financial statements (continued)

7 Tangible fixed assets

	Remastering £'000
Cost	
At 1 January 2007	1,579
Additions	247
At 31 December 2007	1,826
Depreciation	
At 1 January 2007	1,239
Charge for the year	189
At 31 December 2007	1,428
Net book value	
At 31 December 2007	398
At 31 December 2006	340

8 Fixed asset investments

Fixed asset investments comprises the following

	31 December 2007 £	31 December 2006 £
Investments in associated undertakings		
British Film Makers Limited	50	50
Net book value	50	50

The investment in British Film Makers Limited comprises 50 "B" ordinary £1 shares which represent a 50% shareholding. The principal activity of British Film Makers Limited is the collection of revenue from film production on behalf of third parties and the distribution thereof. British Film Makers Limited is incorporated in Great Britain and registered in England and Wales and has a financial year end of 31 January.

Notes to the financial statements (continued)

9 Debtors

	31 December 2007 £'000	31 December 2006 £'000
Amounts owed by other group undertakings	2,446	3,154
Deferred taxation (see note 11)	4	5
Other debtors	19	15
	2,469	3,174

10 Creditors: amounts falling due within one year

	31 December 2007 £'000	31 December 2006 £'000
Bank overdraft	-	1
Amounts owed to other group undertakings	15	-
Accruals and deferred income	9	5
UK corporation tax	707	707
Other creditors	4,083	3,631
	4,814	4,344

11 Deferred taxation

	£'000
Deferred tax asset	
At 1 January 2007	5
Charge for the year	(1)
At 31 December 2007	4

	31 December 2007 £'000	31 December 2006 £'000
Deferred taxation comprises		
Depreciation for the period in excess of capital allowances	4	5

Notes to the financial statements (continued)

12 Called-up share capital

	31 December 2007 £	31 December 2006 £
Authorised		
18,000,000 ordinary shares of £0 00000005 each (2006– 18,000,000)	1	1
Allotted, called-up and fully paid		
18,000,000 ordinary shares of £0 00000005 each (2006– 18,000,000)	1	1

13 Reconciliation of movements in shareholders' funds

	Called up share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2007	-	3,076	3,076
Retained profit for the year before dividends	-	2,373	2,373
Dividends paid	-	(3,000)	(3,000)
At 31 December 2007	-	2,449	2,449

14 Contingent liabilities

Under a group registration, the Company is jointly and severally liable for VAT at 31 December 2007 of £28 million (31 December 2006 £29 million)

The Company and certain other group companies have entered into an arrangement for a joint bank account with Barclays Bank PLC and are jointly and severally liable in respect of any overdraft arising on the group joint bank account. At 31 December 2007 this contingent liability amounted to £nil (31 December 2006 £nil)

In the opinion of the directors, adequate allowance has been made in respect of these matters

Notes to the financial statements (continued)

15 Ultimate parent company

At 31 December 2007 the Company's immediate parent company was Carlton Content Holdings Limited, a company incorporated and registered in England and Wales, and the Company's ultimate parent company was ITV plc, a company incorporated and registered in England and Wales

The largest and smallest group in which the results of the company were consolidated was that headed by ITV plc. The consolidated accounts of ITV plc are available to the public and may be obtained from the Company Secretary, 200 Gray's Inn Road, London, WC1X 8HF

16 Purchase of business

On 1 January 2007, the Company purchased the film rights exploitation business of a fellow group company for an amount equal to the book value of the film rights exploitation business. The consideration of £1 was settled in cash.